

Determining Reasonable Cost for Medical Support

Best Practices for Determining Reasonable Cost for High Deductible Health Plans (HDHPs)

The goal for establishing and enforcing medical support is to provide comprehensive medical support, that is accessible without interruption, and available at a reasonable cost.

In addition to health insurance being reasonable and accessible, the goal is for parents to provide coverage without interruption. For example, if an employee works seasonal periods during the summer, but works other employment during the winter, the seasonal jobs may not be good options for providing medical support because the obligated parent may not be able to afford the coverage during periods for which they are not employed with that employer.

In these situations, it may be more appropriate to encourage the parents to pursue BadgerCare as an option for health coverage.

Factors to consider when determining whether a plan is reasonable

Both the custodial parent (CP) and the non-custodial parent (NCP) may be considered when determining who will be the obligated parent for providing medical support.

Any out-of-pocket cost for health insurance (HI) must be determined using the obligated parent's income.

The monthly out-of-pocket cost for the entire policy must be considered when determining whether the cost is reasonable for the obligated parent.

Costs to include when determining reasonable cost for medical support:

- Any out-of-pocket deductible that the family is responsible for paying before the health plan will pay on behalf services to the family
- Any cash contribution by the non-obligated parent is limited to the cost to add the child or children

Example 1 – 2 Minor Children

	Parent A:	Parent B:
Annual Income:	\$52,000.00	\$39,520.00
Monthly Income:	\$ 4,333.00	\$ 3,293.00
Monthly reasonable cost at 10%:	\$ 433.00	\$ 329.00
HI plan with out-of-pocket monthly premium:	\$ 250.00	No private insurance available through this employer
Yearly out-of-pocket deductible: <i>Before insurer will pay for covered services</i>	\$ 1,000.00	N/A
Monthly deductible:	\$ 83.00	N/A
Total potential monthly cost of this plan:	\$250 + \$83 = \$333.00	N/A

Example 1 Options:

- Parent A may be ordered to provide medical support.
- Parent B may be ordered to provide a reasonable contribution.

Example 2 – 3 Minor Children

	Parent A:	Parent B:
Annual Income:	\$35,360.00	\$31,200.00
Monthly Income:	\$ 2,946.00	\$ 2,600.00
Monthly reasonable cost at 10%:	\$ 294.00	\$ 260.00
HI plan with out-of-pocket monthly premium:	\$ 75.00	On BadgerCare with the children (with premium)
Yearly out-of-pocket deductible: <i>Before insurer will pay for covered services</i>	\$ 2,500.00	N/A
Monthly deductible:	\$ 208.00	N/A
Total potential monthly cost of this plan:	$\$75 + \$208 =$ \$283.00	N/A

Example 2 Options:

- Require Parent A to enroll the children in private HI coverage. Parent B may elect to continue their personal coverage on BadgerCare so that they may have individual coverage, and the children may also remain on BadgerCare because Parent B is eligible. (This is a costly option because MA will continue to be the primary coverage for the children.)
- Enter order that Parent will continue on BadgerCare as long as eligibility continues.
- Parent A may be ordered to provide a contribution to the BadgerCare Premium as an upward or downward deviation to cash support.

Reminders

The court may not order a parent whose income is below 150% of (the federal poverty level) FPL to enroll a child in a private HI plan or contribute to the cost of private HI plan, unless there is no cost to the parent. [DCF 150.05 (c)]

The WI Bureau of Child Support (BCS) does **NOT** recommend (WI Child Support Agencies) CSAs set a deductible flat rate amount to determine local policy for considering whether a deductible is reasonable. The CSA must compare the income of the obligated parent to the total out-of-pocket cost including premium and deductible for the health plan to determine whether the cost is reasonable.